

bpv Grigorescu Stefanica overturns tax administration decision for RON 7.5 million in proceedings before the highest court justice



bpv GRIGORESCU ȘTEFĂNICĂ

By the final decision, The Highest Court of Justice validated the arguments presented by the lawyers of bpv Grigorescu Stefanica and rejected the appeal filed by the Romanian Tax Administration, upholding the judgment issued by the court of the first instance by which the tax decisions requiring a client in the automotive industry to pay addition RON 7.5 million in tax liabilities were annulled.

In their judgments, the courts invalidated the tax authorities' interpretations and found that the company had applied the correct tax treatment, the expenses being deductible, the related VAT being deductible. Consequently, the tax decisions issued by Romanian Tax Administration were annulled. The particular importance of the determination results from the fact that a large part of the amounts that were subject to analysis involved expenses incurred with companies in the same group as the taxpayer, and these were considered deductible. Concerning the VAT related to these expenses, our team successfully demonstrated to the courts that the tax authorities cannot deny the right of deduction by invoking reasons unrelated to the substance of the transactions carried out.

The tax litigation team providing legal assistance and representation included **Anca Grigorescu**, *Partner* and **Octavian Marian**, *Senior Associate*.

"We are extremely pleased to say that balance has been restored. The challenge of this litigation resulted from the fact that it was necessary to analyze the entire organization and functioning of the client's activity, as the transactions that were the subject of the litigation were carried out in connection with most of the production and distribution activities. This required an in-depth understanding of all the client's activity and the ability to translate to the courts, as well as to the experts involved in the preparation of the expert reports, how a multinational company of this size and complexity is organized and operates", said **Anca Grigorescu**.